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BROADSTONE NET LEASE, INC.

Broadstone Net Lease Announces First Quarter 2024 Results

VICTOR, N.Y. – Broadstone Net Lease, Inc. (NYSE: BNL) ("BNL", the "Company", "we", "our", or "us"), today announced its operating results for the quarter ended March 31, 2024.

MANAGEMENT COMMENTARY

"Adding to the positive momentum discussed in our April 3 press release, we've now closed on $202 million of investments during 2024 and have $122 million of investments under control," said John Moragne, BNL's Chief Executive Officer. *"Executing on our healthcare portfolio simplification strategy and returning to consistent growth is our top priority. Despite historically low net lease transaction volumes, our recent deals highlight our ability to creatively source and structure high quality, direct investments, including certain transitional capital allocations that provided access to otherwise unavailable assets. With a resilient and soon-to-be streamlined portfolio, fortified balance sheet, proven ability to source accretive investments, and relatively smaller asset base compared to other net lease peers, we're primed for sustainable growth in the years to come."*

FIRST QUARTER 2024 HIGHLIGHTS

INVESTMENT ACTIVITY	• During the first quarter, we invested $40.1 million, including $37.1 million in development fundings and $3.0 million in revenue generating capital expenditures. The revenue generating capital expenditures had a weighted average initial cash capitalization rate of 8.0%, a lease term of 8.0 years, and annual rent increase of 2.5%. • During the first quarter and through the date of this release, we sold 39 properties primarily as part of our healthcare portfolio simplification strategy for gross proceeds of $274.0 million at a weighted average cash capitalization rate of 7.8%. The gross proceeds represented a $2.5 million gain over original purchase price and a $56.5 million net gain over carrying value. • Subsequent to quarter-end, we invested $162.3 million and have $121.8 million of investments under control. The investments closed include $12.8 million in development fundings, a $65.0 million acquisition of an industrial portfolio, and an $84.5 million investment in a retail center that included seven outparcel properties for $32.5 million and $52.0 million of transitional capital.
OPERATING RESULTS	• Generated net income of $68.2 million, or $0.35 per share. • Generated adjusted funds from operations ("AFFO") of $70.9 million, or $0.36 per share. • Incurred $9.4 million of general and administrative expenses, inclusive of $1.5 million of stock-based compensation and $0.1 million of severance and executive transition costs. • Portfolio was 99.2% leased based on rentable square footage, with only three of our 759 properties vacant and not subject to a lease at quarter end. • Collected 99.0% of base rents due for the first quarter for all properties under lease. Excluding rents from Green Valley Medical Center, rent collections were 99.9%.
CAPITAL MARKETS ACTIVITY	• Ended the quarter with total outstanding debt of $1.9 billion, Net Debt of $1.7 billion, a Net Debt to Annualized Adjusted EBITDAre ratio of 4.8x, and a Pro Forma Net Debt to Annualized Adjusted EBITDAre ratio of 4.6x. • At March 31, 2024, had $926.2 million of capacity on our unsecured revolving credit facility. • Declared an increase in our quarterly dividend from $0.285 to $0.29, or a 1.8% increase over the prior period. • Renewed our stock repurchase program for up to $150 million through March 2025.

SUMMARIZED FINANCIAL RESULTS

(in thousands, except per share data)	For the Three Months Ended March 31, 2024	December 31, 2023	March 31, 2023
Revenues	$ 105,366	$ 105,000	$ 118,992
Net income, including non-controlling interests	$ 68,177	$ 6,797	$ 41,374
Net earnings per share – diluted	*$ 0.35*	*$ 0.03*	*$ 0.21*
FFO	$ 73,135	$ 69,443	$ 81,177
FFO per share	*$ 0.37*	*$ 0.35*	*$ 0.41*
Core FFO	$ 74,072	$ 75,275	$ 74,473
Core FFO per share	*$ 0.38*	*$ 0.38*	*$ 0.38*
AFFO	$ 70,873	$ 71,278	$ 67,485
AFFO per share	*$ 0.36*	*$ 0.36*	*$ 0.34*
Diluted Weighted Average Shares Outstanding	196,417	196,373	196,176

FFO, Core FFO, and AFFO are measures that are not calculated in accordance with accounting principles generally accepted in the United States of America ("GAAP"). See the Reconciliation of Non-GAAP Measures later in this press release.

REAL ESTATE PORTFOLIO AND HEALTHCARE PORTFOLIO SIMPLIFICATION STRATEGY

As of March 31, 2024, we owned a diversified portfolio of 759 individual net leased commercial properties with 752 properties located in 44 U.S. states and seven properties located in four Canadian provinces, comprising approximately 37.6 million rentable square feet of operational space. As of March 31, 2024, all but three of our properties were subject to a lease, and our properties were occupied by 200 different commercial tenants, with no single tenant accounting for more than 4.3% of our annualized base rent ("ABR"). Properties subject to a lease represent 99.2% of our portfolio's rentable square footage. The ABR weighted average lease term and ABR weighted average annual minimum rent increase, pursuant to leases on properties in the portfolio as of March 31, 2024, was 10.6 years and 2.0%, respectively.

During the first quarter and through the date of this release, we sold 38 properties as part of our healthcare portfolio simplification strategy for gross proceeds of $262.2 million at a weighted average cash capitalization rate of 7.8%. The gross proceeds represented a $2.1 million gain over original purchase price and a $55.5 million net gain over carrying value. We have redeployed $162.3 million of the proceeds subsequent to quarter-end and plan to redeploy the remaining proceeds in our current investments under control. With these sales, we have reduced our healthcare exposure from 17.6% of our ABR to 13.4%, with the near-term goal of reducing it below 10.0%.

BALANCE SHEET AND CAPITAL MARKETS ACTIVITIES

As of March 31, 2024, we had total outstanding debt of $1.9 billion, Net Debt of $1.7 billion, a Net Debt to Annualized Adjusted EBITDAre ratio of 4.8x, and a Pro Forma Net Debt to Annualized Adjusted EBITDAre ratio of 4.6x. We had $926.2 million of available capacity on our unsecured revolving credit facility as of year end, and have no material debt maturities until 2026.

We did not raise any equity during the quarter, and had approximately $145.4 million of capacity remaining on our ATM Program as of March 31, 2024.

DISTRIBUTIONS

At its April 25, 2024, meeting, our board of directors declared a quarterly dividend of $0.29 per common share and OP Unit to holders of record as of June 28, 2024, payable on or before July 15, 2024.

2024 GUIDANCE

For 2024, BNL expects to report AFFO of between $1.41 and $1.43 per diluted share, which has been revised upward to reflect the timing of redeployment from our healthcare portfolio simplification strategy sales.

The guidance is based on the following key assumptions, which are unchanged:

(i) investments in real estate properties between $350 million and $700 million;

(ii) dispositions of real estate properties between $300 million and $500 million; and

(iii) total cash general and administrative expenses between $32 million and $34 million.

Our per share results are sensitive to both the timing and amount of real estate investments, property dispositions, and capital markets activities that occur throughout the year.

The Company does not provide guidance for the most comparable GAAP financial measure, net income, or a reconciliation of the forward-looking non-GAAP financial measure of AFFO to net income computed in accordance with GAAP, because it is unable to reasonably predict, without unreasonable efforts, certain items that would be contained in the GAAP measure, including items that are not indicative of the Company's ongoing operations, including, without limitation, potential impairments of real estate assets, net gain/loss on dispositions of real estate assets, changes in allowance for credit losses, and stock-based compensation expense. These items are uncertain, depend on various factors, and could have a material impact on the Company's GAAP results for the guidance periods.

CONFERENCE CALL AND WEBCAST

The company will host its fourth quarter earnings conference call and audio webcast on Thursday, May 2, 2024, at 11:00 a.m. Eastern Time.

To access the live webcast, which will be available in listen-only mode, please visit: https://events.q4inc.com/attendee/505999171. If you prefer to listen via phone, U.S. participants may dial: 1-833-470-1428 (toll free) or 1-404-975-4839 (local), access code 189053. International access numbers are viewable here: https://www.netroadshow.com/events/global-numbers?confId=63406.

A replay of the conference call webcast will be available approximately one hour after the conclusion of the live broadcast. To listen to a replay of the call via the web, which will be available for one year, please visit: https://investors.bnl.broadstone.com.

About Broadstone Net Lease, Inc.

BNL is an industrial-focused, diversified net lease REIT that invests in primarily single-tenant commercial real estate properties that are net leased on a long-term basis to a diversified group of tenants. Utilizing an investment strategy underpinned by strong fundamental credit analysis and prudent real estate underwriting, as of March 31, 2024, BNL's diversified portfolio consisted of 759 individual net leased commercial properties with 752 properties located in 44 U.S. states and seven properties located in four Canadian provinces across the industrial, restaurant, healthcare, retail, and office property types.

Forward-Looking Statements

This press release contains "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, regarding, among other things, our plans, strategies, and prospects, both business and financial. Such forward-looking statements can generally be identified by our use of forward-looking terminology such as "outlook," "potential," "may," "will," "should," "could," "seeks," "approximately," "projects," "predicts," "expect," "intends," "anticipates," "estimates," "plans," "would be," "believes," "continues," or the negative version of these words or other comparable words. Forward-looking statements, including our 2024 guidance and assumptions, involve known and unknown risks and uncertainties, which may cause BNL's actual future results to differ materially from expected results, including, without limitation, risks and uncertainties related to general economic conditions, including but not limited to increases in the rate of inflation and/or interest rates, local real estate conditions, tenant financial health, property investments and acquisitions, and the timing and uncertainty of completing these property investments and acquisitions, and uncertainties regarding future distributions to our stockholders. These and other risks, assumptions, and uncertainties are described in Item 1A "Risk Factors" of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023, which was filed with the SEC on February 22, 2024, which you are encouraged to read, and will be available on the SEC's website at www.sec.gov. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those indicated or anticipated by such forward-looking statements. Accordingly, you are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date they are made. The Company assumes no obligation to, and does not currently intend to, update any forward-looking statements after the date of this press release, whether as a result of new information, future events, changes in assumptions, or otherwise.

Notice Regarding Non-GAAP Financial Measures

In addition to our reported results and net earnings per diluted share, which are financial measures presented in accordance with GAAP, this press release contains and may refer to certain non-GAAP financial measures, including Funds from Operations ("FFO"), Core Funds From Operations ("Core FFO"), Adjusted Funds from Operations ("AFFO"), Net Debt, and Net Debt to Annualized Adjusted EBITDAre. We believe the use of FFO, Core FFO, and AFFO are useful to investors because they are widely accepted industry measures used by analysts and investors to compare the operating performance of REITs. FFO, Core FFO, and AFFO should not be considered alternatives to net income as a performance measure or to cash flows from operations, as reported on our statement of cash flows, or as a liquidity measure, and should be considered in addition to, and not in lieu of, GAAP financial measures. We believe presenting Net Debt to Annualized Adjusted EBITDAre is useful to investors because it provides information about gross debt less cash and cash equivalents, which could be used to repay debt, compared to our performance as measured using Annualized Adjusted EBITDAre. You should not consider our Annualized Adjusted EBITDAre as an alternative to net income or cash flows from operating activities determined in accordance with GAAP. A reconciliation of non-GAAP measures to the most directly comparable GAAP financial measure and statements of why management believes these measures are useful to investors are included below.

Broadstone Net Lease, Inc. and Subsidiaries
Consolidated Balance Sheets
(in thousands, except per share amounts)

	March 31, 2024	December 31, 2023
Assets		
Accounted for using the operating method:		
Land	$ 724,199	$ 748,529
Land improvements	316,170	328,746
Buildings and improvements	3,591,260	3,803,156
Equipment	8,247	8,265
Total accounted for using the operating method	4,639,876	4,888,696
Less accumulated depreciation	(606,225)	(626,597)
Accounted for using the operating method, net	4,033,651	4,262,099
Accounted for using the direct financing method	26,522	26,643
Accounted for using the sales-type method	571	572
Property under development	133,064	94,964
Investment in rental property, net	4,193,808	4,384,278
Cash and cash equivalents	221,740	19,494
Accrued rental income	149,203	152,724
Tenant and other receivables, net	836	1,487
Prepaid expenses and other assets	33,149	36,661
Interest rate swap, assets	57,900	46,096
Goodwill	339,769	339,769
Intangible lease assets, net	273,250	288,226
Total assets	$ 5,269,655	$ 5,268,735
Liabilities and equity		
Unsecured revolving credit facility	$ 73,820	$ 90,434
Mortgages, net	78,517	79,068
Unsecured term loans, net	896,260	895,947
Senior unsecured notes, net	845,498	845,309
Accounts payable and other liabilities	40,655	47,534
Dividends payable	56,871	56,869
Accrued interest payable	9,377	5,702
Intangible lease liabilities, net	50,953	53,531
Total liabilities	2,051,951	2,074,394
Commitments and contingencies		
Equity		
Broadstone Net Lease, Inc. equity:		
Preferred stock, $0.001 par value; 20,000 shares authorized, no shares issued or outstanding	—	—
Common stock, $0.00025 par value; 500,000 shares authorized, 188,435 and 187,614 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively	47	47
Additional paid-in capital	3,446,910	3,440,639
Cumulative distributions in excess of retained earnings	(430,169)	(440,731)
Accumulated other comprehensive income	56,834	49,286
Total Broadstone Net Lease, Inc. equity	3,073,622	3,049,241
Non-controlling interests	144,082	145,100
Total equity	3,217,704	3,194,341
Total liabilities and equity	$ 5,269,655	$ 5,268,735

Broadstone Net Lease, Inc. and Subsidiaries
Consolidated Statements of Income and Comprehensive Income
(in thousands, except per share amounts)

	For the Three Months Ended		
	March 31, 2024	December 31, 2023	March 31, 2023
Revenues			
Lease revenues, net	$ 105,366	$ 105,000	$ 118,992
Operating expenses			
Depreciation and amortization	37,772	39,278	41,784
Property and operating expense	5,660	5,995	5,886
General and administrative	9,432	9,383	10,416
Provision for impairment of investment in rental properties	26,400	29,801	1,473
Total operating expenses	79,264	84,457	59,559
Other income (expenses)			
Interest income	233	141	162
Interest expense	(18,578)	(18,972)	(21,139)
Gain on sale of real estate	59,132	6,270	3,415
Income taxes	(408)	268	(479)
Other income (expenses)	1,696	(1,453)	(18)
Net income	68,177	6,797	41,374
Net income attributable to non-controlling interests	(3,063)	(319)	(2,070)
Net income attributable to Broadstone Net Lease, Inc.	$ 65,114	$ 6,478	$ 39,304
Weighted average number of common shares outstanding			
Basic	187,290	186,829	186,130
Diluted	196,417	196,373	196,176
Net earnings per common share			
Basic and Diluted	$ 0.35	$ 0.03	$ 0.21
Comprehensive income			
Net income	$ 68,177	$ 6,797	$ 41,374
Other comprehensive income			
Change in fair value of interest rate swaps	11,804	(32,989)	(17,899)
Realized loss (gain) on interest rate swaps	159	317	522
Comprehensive income	80,140	(25,875)	23,997
Comprehensive income attributable to non-controlling interests	(3,600)	1,215	(1,200)
Comprehensive income attributable to Broadstone Net Lease, Inc.	$ 76,540	$ (24,660)	$ 22,797

Reconciliation of Non-GAAP Measures

The following is a reconciliation of net income to FFO, Core FFO, and AFFO for the three months ended March 31, 2024, December 31, 2023, and March 31, 2023. Also presented is the weighted average number of shares of our common stock and OP Units used for the diluted per share computation:

	For the Three Months Ended		
(in thousands, except per share data)	**March 31, 2024**	**December 31, 2023**	**March 31, 2023**
Net income	$ 68,177	$ 6,797	$ 41,374
Real property depreciation and amortization	37,690	39,115	41,745
Gain on sale of real estate	(59,132)	(6,270)	(3,415)
Provision for impairment on investment in rental properties	26,400	29,801	1,473
FFO	$ 73,135	$ 69,443	$ 81,177
Net write-offs of accrued rental income	2,556	4,161	297
Lease termination fees	—	—	(7,500)
Severance and executive transition costs	77	218	481
Other (income) expenses[1]	(1,696)	1,453	18
Core FFO	$ 74,072	$ 75,275	$ 74,473
Straight-line rent adjustment	(4,980)	(5,404)	(7,271)
Amortization of debt issuance costs	983	983	986
Amortization of net mortgage premiums	—	—	(26)
Non-capitalized transaction costs	182	—	—
Loss on interest rate swaps and other non-cash interest expense	159	319	522
Amortization of lease intangibles	(1,018)	(1,014)	(2,691)
Stock-based compensation	1,475	1,401	1,492
Deferred taxes	—	(282)	—
AFFO	$ 70,873	$ 71,278	$ 67,485
Diluted WASO[2]	196,417	196,373	196,176
Net earnings per diluted share[3]	$ 0.35	$ 0.03	$ 0.21
FFO per diluted share[3]	0.37	0.35	0.41
Core FFO per diluted share[3]	0.38	0.36	0.38
AFFO per diluted share[3]	0.36	0.36	0.34

[1] *Amount includes ($1.7) million, $1.5 million, and $18 thousand of unrealized foreign exchange (gain) loss for the three months ended March 31, 2024, December 31, 2023, and March 31, 2023, respectively, primarily associated with our Canadian dollar denominated revolving borrowings.*

[2] *Excludes 663,196, 493,524, and 431,392 weighted average shares of unvested restricted common stock for the three months ended March 31, 2024, December 31, 2023, and March 31, 2023, respectively.*

[3] *Excludes $0.4 million from the numerator for the three months ended March 31, 2024, and $0.1 million from the numerator for the three months ended December 31, 2023, and March 31, 2023, respectively, related to dividends paid or declared on shares of unvested restricted common stock.*

Our reported results and net earnings per diluted share are presented in accordance with GAAP. We also disclose FFO, Core FFO, and AFFO, each of which are non-GAAP measures. We believe the use of FFO, Core FFO, and AFFO are useful to investors because they are widely accepted industry measures used by analysts and investors to compare the operating performance of REITs. FFO, Core FFO, and AFFO should not be considered alternatives to net income as a performance measure or to cash flows from operations, as reported on our statement of cash flows, or as a liquidity measure and should be considered in addition to, and not in lieu of, GAAP financial measures.

We compute FFO in accordance with the standards established by the Board of Governors of Nareit, the worldwide representative voice for REITs and publicly traded real estate companies with an interest in the U.S. real estate and capital markets. Nareit defines FFO as GAAP net income or loss adjusted to exclude net gains (losses) from sales of certain depreciated real estate assets, depreciation and amortization expense from real estate assets, and impairment charges related to certain previously depreciated real estate assets. FFO is used by management, investors, and analysts to facilitate meaningful comparisons of operating performance between periods and among our peers, primarily because it excludes the effect of real estate depreciation and amortization and net gains (losses) on sales, which are based on historical costs and implicitly assume that the value of real estate diminishes predictably over time, rather than fluctuating based on existing market conditions.

We compute Core Funds From Operations ("Core FFO") by adjusting FFO, as defined by Nareit, to exclude certain GAAP income and expense amounts that we believe are infrequently recurring, unusual in nature, or not related to its core real estate operations, including write-offs or recoveries of accrued rental income, lease termination fees, unrealized and realized gains or losses on foreign currency transactions, severance and executive transition costs, and other extraordinary items. Exclusion of these items from similar FFO-type metrics is common within the equity REIT industry, and management believes that presentation of Core FFO provides investors with a metric to assist in their evaluation of our operating performance across multiple periods and in comparison to the operating performance of our peers, because it removes the effect of unusual items that are not expected to impact our operating performance on an ongoing basis.

We compute Adjusted Funds From Operations ("AFFO"), by adjusting Core FFO for certain revenues and expenses that are non-cash or unique in nature, including straight-line rents, amortization of lease intangibles, amortization of debt issuance costs, amortization of net mortgage premiums, non-capitalized transaction costs such as acquisition costs related to deals that failed to transact, (gain) loss on interest rate swaps and other non-cash interest expense, deferred taxes, stock-based compensation, and other specified non-cash items. We believe that excluding such items assists management and investors in distinguishing whether changes in our operations are due to growth or decline of operations at our properties or from other factors. We use AFFO as a measure of our performance when we formulate corporate goals, and is a factor in determining management compensation. We believe that AFFO is a useful supplemental measure for investors to consider because it will help them to better assess our operating performance without the distortions created by non-cash revenues or expenses.

Specific to our adjustment for straight-line rents, our leases include cash rents that increase over the term of the lease to compensate us for anticipated increases in market rental rates over time. Our leases do not include significant front-loading or back-loading of payments, or significant rent-free periods. Therefore, we find it useful to evaluate rent on a contractual basis as it allows for comparison of existing rental rates to market rental rates.

FFO, Core FFO, and AFFO may not be comparable to similarly titled measures employed by other REITs, and comparisons of our FFO, Core FFO, and AFFO with the same or similar measures disclosed by other REITs may not be meaningful.

Neither the SEC nor any other regulatory body has passed judgment on the acceptability of the adjustments to FFO that we use to calculate Core FFO and AFFO. In the future, the SEC, Nareit or another regulatory body may decide to standardize the allowable adjustments across the REIT industry and in response to such standardization we may have to adjust our calculation and characterization of Core FFO and AFFO accordingly.

The following is a reconciliation of net income to EBITDA, EBITDAre, and Adjusted EBITDAre, debt to Net Debt and Net Debt to Annualized Adjusted EBITDAre as of and for the three months ended March 31, 2024, December 31, 2023, and March 31, 2023:

	For the Three Months Ended		
(in thousands)	**March 31, 2024**	**December 31, 2023**	**March 31, 2023**
Net income	$ 68,177	$ 6,797	$ 41,374
Depreciation and amortization	37,772	39,278	41,784
Interest expense	18,578	18,972	21,139
Income taxes	408	(268)	479
EBITDA	$ 124,935	$ 64,779	$ 104,776
Provision for impairment of investment in rental properties	26,400	29,801	1,473
Gain on sale of real estate	(59,132)	(6,270)	(3,415)
EBITDAre	$ 92,203	$ 88,310	$ 102,834
Adjustment for current quarter investment activity[1]	—	153	406
Adjustment for current quarter disposition activity[2]	(4,712)	(156)	(365)
Adjustment to exclude non-recurring and other expenses[3]	(125)	128	(1,023)
Adjustment to exclude net write-offs of accrued rental income	2,556	4,161	297
Adjustment to exclude realized / unrealized foreign exchange (gain) loss	(1,696)	1,453	18
Adjustment to exclude lease termination fees	—	—	(7,500)
Adjusted EBITDAre	$ 88,226	$ 94,049	$ 94,667
Estimated revenues from developments[4]	2,771	—	—
Pro Forma Adjusted EBITDAre	$ 90,997	$ 94,049	$ 94,667
Annualized EBITDAre	$ 368,812	$ 353,240	$ 411,336
Annualized Adjusted EBITDAre	$ 352,904	$ 376,196	$ 378,668
Pro Forma Annualized Adjusted EBITDAre	$ 363,988	$ 376,196	$ 378,668

[1] Reflects an adjustment to give effect to all investments during the quarter as if they had been made as of the beginning of the quarter.

[2] Reflects an adjustment to give effect to all dispositions during the quarter as if they had been sold as of the beginning of the quarter.

[3] Amount includes $0.1 million of employee severance and executive transition costs and ($0.2) million of forfeited stock-based compensation for the three months ended March 31, 2024. Amounts include $0.2 million, $0.7 million and $0.2 million of employee severance and executive transition costs during the three months ended December 31, 2023, September 30, 2023, and June 30, 2023, respectively, and ($0.1) million of forfeited stock-based compensation for the three months ended December 31, 2023. Amounts include a combined $0.5 million of executive transition costs and accelerated amortization of stock-based compensation, related to the departure of our previous chief executive officer and $(1.5) million of accelerated amortization of lease intangibles for the three months ended March 31, 2023.

[4] Represents estimated contractual revenues based on in-process development spend to-date.

(in thousands)	**March 31, 2024**	**December 31, 2023**	**March 31, 2023**
Debt			
Unsecured revolving credit facility	$ 73,820	$ 90,434	$ 108,330
Unsecured term loans, net	896,260	895,947	895,006
Senior unsecured notes, net	845,498	845,309	844,744
Mortgages, net	78,517	79,068	85,853
Debt issuance costs	8,337	8,848	10,390
Gross Debt	1,902,432	1,919,606	1,944,323
Cash and cash equivalents	(221,740)	(19,494)	(15,412)
Restricted cash	(1,038)	(1,138)	(3,898)
Net Debt	$ 1,679,654	$ 1,898,974	$ 1,925,013
Leverage Ratios:			
Net Debt to Annualized EBITDAre	4.6x	5.4x	4.7x
Net Debt to Annualized Adjusted EBITDAre	4.8x	5.0x	5.1x
Pro Forma Net Debt to Annualized Adjusted EBITDAre	4.6x	5.0x	5.1x

We define Net Debt as gross debt (total reported debt plus debt issuance costs) less cash and cash equivalents and restricted cash. We believe that the presentation of Net Debt to Annualized EBITDAre and Net Debt to Annualized Adjusted EBITDAre is useful to investors and analysts because these ratios provide information about gross debt less cash and cash equivalents, which could be used to repay debt, compared to our performance as measured using EBITDAre.

We compute EBITDA as earnings before interest, income taxes and depreciation and amortization. EBITDA is a measure commonly used in our industry. We believe that this ratio provides investors and analysts with a measure of our performance that includes our operating results unaffected by the differences in capital structures, capital investment cycles and useful life of related assets compared to other companies in our industry. We compute EBITDAre in accordance with the definition adopted by Nareit, as EBITDA excluding gains (losses) from the sales of depreciable property and provisions for impairment on investment in real estate. We believe EBITDA and EBITDAre are useful to investors and analysts because they provide important supplemental information about our operating performance exclusive of certain non-cash and other costs. EBITDA and EBITDAre are not measures of financial performance under GAAP, and our EBITDA and EBITDAre may not be comparable to similarly titled measures of other companies. You should not consider our EBITDA and EBITDAre as alternatives to net income or cash flows from operating activities determined in accordance with GAAP.

We are focused on a disciplined and targeted investment strategy, together with active asset management that includes selective sales of properties. We manage our leverage profile using a ratio of Net Debt to Annualized Adjusted EBITDAre, discussed below, which we believe is a useful measure of our ability to repay debt and a relative measure of leverage, and is used in communications with our lenders and rating agencies regarding our credit rating. As we fund new investments using our unsecured revolving credit facility, our leverage profile and Net Debt will be immediately impacted by current quarter investments. However, the full benefit of EBITDAre from new investments will not be received in the same quarter in which the properties are acquired. Additionally, EBITDAre for the quarter includes amounts generated by properties that have been sold during the quarter. Accordingly, the variability in EBITDAre caused by the timing of our investments and dispositions can temporarily distort our leverage ratios. We adjust EBITDAre ("Adjusted EBITDAre") for the most recently completed quarter (i) to recalculate as if all investments and dispositions had occurred at the beginning of the quarter, (ii) to exclude certain GAAP income and expense amounts that are either non-cash, such as cost of debt extinguishments, realized or unrealized gains and losses on foreign currency transactions, or gains on insurance recoveries, or that we believe are one time, or unusual in nature because they relate to unique circumstances or transactions that had not previously occurred and which we do not anticipate occurring in the future, and (iii) to eliminate the impact of lease termination fees and other items, that are not a result of normal operations. While investments in property developments have an immediate impact to Net Debt, we do not make an adjustment to EBITDAre until the quarter in which the lease commences. We then annualize quarterly Adjusted EBITDAre by multiplying it by four ("Annualized Adjusted EBITDAre"). You should not unduly rely on this measure as it is based on assumptions and estimates that may prove to be inaccurate. Our actual reported EBITDAre for future periods may be significantly different from our Annualized Adjusted EBITDAre. Adjusted EBITDAre and Annualized Adjusted EBITDAre are not measurements of performance under GAAP, and our Adjusted EBITDAre and Annualized Adjusted EBITDAre may not be comparable to similarly titled measures of other companies. You should not consider our Adjusted EBITDAre and Annualized Adjusted EBITDAre as alternatives to net income or cash flows from operating activities determined in accordance with GAAP.